



## **SOCIAL RESPONSIBILITY DIRECTIVE**



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# Social Responsibility Directive

## 1. STRATEGIC OBJECTIVES

This directive is part of Hydro-Québec's *Our Social Role* policy and helps define the framework outlining the company's donation and sponsorship activities, which are in addition to Hydro-Québec's other actions designed to help reach the objectives laid out in its Strategic Plan.

### 1.1 Hydro-Québec's social mission

#### 1.1.1 The *Our Social Role* policy

The *Our Social Role* policy sets out Hydro-Québec's commitment regarding its social role from a sustainable development and social acceptability perspective.

Hydro-Québec defines itself as a responsible corporate citizen and believes that its social role is important for all communities. The company is committed to making an effective contribution to the economic, social and cultural success of society in which it carries out its activities, while being aware of how its decisions and activities affect both the environment and society. Hydro-Québec acts in compliance with the principles of sustainable development.

#### 1.1.2 Hydro-Québec's strategic priorities

This directive reflects the objectives outlined in Hydro-Québec's Strategic Plan as well as the priorities of the company's different organizational units.

## 2. GENERAL PROVISIONS

As a government corporation, Hydro-Québec's contribution to Québec society goes beyond the annual dividend it pays to the Québec government. The company strives to maximize the positive social impact of its investments in the community.

### 2.1 Social impact

The term "social impact" refers to all of the positive and sustainable changes resulting from the activities carried out under this directive. The impact can be of an environmental, economic or social nature.

### 2.2 Contributions aligned with Hydro-Québec's strengths

Hydro-Québec has set out social impact objectives which capitalize on its many strengths. Therefore, it supports its partner organizations and relies on its expertise, assets and infrastructure, human resources, public consultation skills, and its presence across Québec.

### 2.3 Strategic support

Hydro-Québec plays a proactive leadership role within Québec society, helping find solutions to the social issues listed in point 3.2.1.

## 3. SPECIAL PROVISIONS

### 3.1 Contribution

The goal of the donations and sponsorships awarded, as well as any employee participation, must be to make a positive social impact. Contributions are granted to maximize spinoffs for society.

### 3.2 Social impact objectives

The company aims to maximize its social impact by focusing its efforts on specific, measurable, desired social changes that meet a real need. Hydro-Québec defines its objectives in this regard based on Québec's strengths and resources, as well as its social issues and their geographic breakdown.

#### 3.2.1 Selection of social issues

Hydro-Québec prioritizes the following three social issues:

- Reduction of greenhouse gas emissions
- The economic vitality of every region in Québec
- The fight against poverty

To be eligible, the applicant must be a not-for-profit organization whose basic mission reflects one of the three social issues listed.

#### 3.2.2 Greenhouse gas emissions in Québec

Hydro-Québec helps reduce greenhouse gas emissions in Québec. To this end, the company targets three specific areas, and supports organizations that:

- Accelerate the transition toward sustainable mobility, particularly organizations that encourage Quebecers to adopt low-carbon methods of transportation.
- Help communicate knowledge in accessible terms and mobilize climate change stakeholders.
- Increase Quebecers' awareness of the issue and encourage them to adopt low-carbon footprint behaviors.

#### 3.2.3 The economic vitality of every region in Québec

Hydro-Québec contributes to the sustainable economic development of every administrative region in Québec. To do so, the company targets organizations that support future generations in the following three areas:

- Promoting and supporting entrepreneurship primarily by focusing on specific economic development opportunities in each region
- Maintaining and enhancing artistic and cultural contributions in theatre, classical music, museum and literary projects, dance, Francophone music, Québec cinema and digital arts as well as promoting First Nations and Inuit languages and cultures
- Providing access to scientific and technological content that prepares the next generation for the jobs of the future

### **3.2.4 The fight against poverty**

Hydro-Québec helps reduce the number of Quebecers living below the poverty line. To do so, the company supports:

- Centraide, which provides support to the following sectors, among others: food security, access to housing, student retention, economic literacy and the inclusion of people with disabilities<sup>1</sup>
- Organizations that intervene directly with socially excluded young people, in particular in the areas of the school dropout rate, juvenile delinquency and problems with addiction

## **3.3 Types of investments and budget**

### **3.3.1 Types of investments**

This directive covers the following types of investments:

- Donations, including financial contributions and contributions in kind, such as donations of identified surplus assets
- Sponsorships focused on social impact, which constitute financial contributions granted in exchange for visibility or promotional opportunities for Hydro-Québec
- Employee involvement, which includes employee contributions in the form of time and skills

### **3.3.2. Budget**

The budget for the above-mentioned investments is determined annually as part of the company's business plan. The total annual budget includes contributions paid in the form of donations and sponsorships, and employee involvement under this directive. It also includes contributions to the Centraide campaign.

## **3.4 Exclusions**

This directive only includes contributions whose primary objective is to create a positive social impact. Donations or sponsorships cannot be granted to:

- Organizations of uncertain financial soundness
- Organizations, projects or foundations associated with a private primary school, high school or college
- Educational institutions located outside Québec
- Organizations or projects devoted to a political or religious cause
- Organizations or projects already funded by Centraide
- Office or building construction, renovation, restoration or acquisition projects
- Organizations that support a single individual or a personal project such as an individual product, event or activity
- Organizations that submit a request for a third party or who intend to give the funds to a third party

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<sup>1</sup> The full list of the areas in which Centraide provides support can be found on [www.centraide.ca](http://www.centraide.ca)

### **3.5 Effective date and other provisions**

- This directive comes into effect on January 1, 2019.
- The contributions are granted in accordance with the annual donation and sponsorship budget.
- A contribution granted to an organization working in a given area does not necessarily represent a commitment by Hydro-Québec to support all organizations working in that area.
- Contributions are not automatically renewed and a new review is required when a request for renewal is made.
- Funds paid under this directive must be used in the year for which they are awarded. Hydro-Québec's contributions may not be capitalized.
- Multi-year agreements cannot exceed a three-year period.
- Hydro-Québec contributes to activities or events that take place in Québec, but may also occasionally support activities or events in other markets where the company is active.
- In exceptional circumstances, Hydro-Québec's Board of Directors may authorize an exemption with regard to this directive.

## **4. GOVERNANCE AND THE SELECTION PROCESS**

### **4.1 Accountability**

The Groupe – Expérience client, communications et relations avec les communautés is responsible for managing donations, sponsorships and employee involvement.

### **4.2 Geographic breakdown**

Hydro-Québec ensures that the budget reserved for the activities included in this directive is divided fairly between Québec's administrative regions based on the following criteria:

- The need for the company to be present in all regions
- The population in each region
- The prevalence of the issues set out in point 3.2.1 in each region
- The company's activities in each region

### **4.3 Stakeholders**

- Each Hydro-Québec regional office has a review and recommendation committee, made up of a member of the team in charge of the Social Responsibility Directive, a number of Community Relations Advisors, employees who stand out through their community involvement, and experts in the social issues outlined in point 3.2.1.
- The review and recommendation committees submit recommendations for their respective regions to the team in charge of the Social Responsibility Directive.

### **4.4 Selection of organizations**

#### **4.4.1 Identification of organizations**

- Hydro-Québec analyzes the social issues listed in point 3.2.1 in order to identify potential partner organizations. Organizations are selected based on the leveraging effect that their activities have on resolving the social issue in question.



- In conjunction with the regional committees, the team in charge of the Social Responsibility Directive seeks out organizations whose activities or projects are aligned with the social impact objectives set out in points 3.2.2 to 3.2.4.

#### **4.4.2 Review and recommendations**

- Requests shall be reviewed according to the criteria and guidelines set forth in this directive.
- The selection criteria are as follows:
  - The contribution of the organization's activities or project to one of the objectives set out in points 3.2.2 to 3.2.4, and the organization's ability to demonstrate its positive impact;
  - The correlation between the amount requested and the social return on investment as well as the visibility provided.
- At any time during the review process, Hydro-Québec may ask for additional information it deems necessary to complete the review and make its recommendations.
- If the applicant fails to cooperate with Hydro-Québec in a satisfactory manner, the request may be refused.

#### **4.4.3 Receipt of the request**

- Hydro-Québec sets four deadlines each year, i.e., one per quarter. The dates are coordinated with the meeting schedule of the Board of Directors' Environment and Social Responsibility Committee.
- The request form is available online on Hydro-Québec's Web site.
- Hydro-Québec will not process circular letters or mass mailings.

#### **4.4.4 Reply to applicant**

An official reply is sent to the applicant within a reasonable time informing him or her of Hydro-Québec's decision.

#### **4.4.5 Negotiation of an agreement**

When funding is awarded, designated Hydro-Québec representatives negotiate a contractual agreement with the organization concerned. A formal contract is mandatory when the total amount awarded is \$50,000 or more, as well as in other specific situations.

#### **4.4.6 Outcome measurement and reporting**

Each partner organization must use the form provided to report its progress to Hydro-Québec with regard to the desired objective.

#### **4.4.7 Agreement renewal**

Hydro-Québec offers the possibility of renewing partnerships depending on the available budget and on whether the objectives have been met, in accordance with the process outlined in point 4.4.6.

## 5. SUPPORT FOR ORGANIZATIONS

Hydro-Québec can provide different types of support for organizations based on their internal abilities, their preparation and their compliance with selection criteria.

### 5.1 Support for non-partner organizations

Hydro-Québec has two types of support available to help organizations develop partnerships:

- Mentoring
- Sharing management and impact evaluation tools

### 5.2 Support for partner organizations

Hydro-Québec can provide different forms of support to partner organizations to help them enhance their skills and reach their objectives:

- Financial contribution
- Mentoring and training on best practices
- Sharing management and impact evaluation tools
- Donations in kind
- Access to a contact network

## 6. COMMUNICATIONS

Hydro-Québec has a proactive approach in its communications regarding this directive and all related activities. The company's objectives regarding its communications are as follows:

- Enhance the impact of organizations whose activities reflect the objectives described in points 3.2.2 to 3.2.4.
- Promote possibilities for collaboration between the organizations.
- Increase recognition of its social responsibility.
- Increase Quebecers' awareness of the social issues listed in point 3.2.1.
- Increase its employees' awareness and motivate them to reach the company's objectives.

## 7. REVIEW AND UPDATING OF THE DIRECTIVE

This directive must be reviewed periodically based on the social issues in Québec and Hydro-Québec's strategic objectives as described in point 1.